

REMARKS:

Claims 1-70 are currently pending in the application. Claims 1-4, 8-21, 25-37, 41-54, and 58-70 stand rejected under 35 U.S.C. § 102(e) over U.S. Patent Application Publication No. 2002/0116317 to May ("May"). Claims 5-7, 22-24, 38-40, and 55-57 stand rejected under 35 U.S.C. § 103(a) over May in view of U.S. Patent Application Publication No. 2002/0004850 to Li et al. ("Li").

REJECTIONS UNDER 35 U.S.C. § 102(e):

Claims 1-4, 8-21, 25-37, 41-54, and 58-70 stand rejected under 35 U.S.C. § 102(e) over May. However, because May fails to disclose all of the limitations of claims 1-4, 8-21, 25-37, 41-54, and 58-70, May cannot anticipate claims 1-4, 8-21, 25-37, 41-54, and 58-70.

Disqualification of May as Prior Art

The present application was filed 20 December 2000. May was filed on 11 June 2001. Therefore, because the filing date of May is after the filing date of the present application, May is not properly citable as prior art under 35 U.S.C. § 102(e). It is noted, however, that May claims priority to two provisional applications, filed 14 June 2000 and 9 June 2000, respectively. If the Examiner intends to rely on one or both of the filing dates of the provisional applications, then it is respectfully requested that a showing under MPEP 2136.03 be made that "the provisional application(s) properly supports the subject matter relied upon to make the rejection in compliance with 35 U.S.C. 112, first paragraph."

May Fails to Disclose All Limitations of the Claims

The comments under the heading "Response to Arguments" in the Office Action state that "the Examiner is interpreting May as reading onto the invention substantially as claimed."¹ However, it is respectfully pointed out that "substantially as claimed" is not the correct standard for establishing a *prima facie* case of anticipation. A claim is anticipated by a prior art reference only if the reference discloses or inherently describes every detail

¹ Office Action, p. 4, ll. 8-9.

of the claim. According to the MPEP, “[a] claim is anticipated only if *each and every element* as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.”² Also according to the MPEP, “[T]he identical invention must be shown in as *complete detail* as is contained in the ... claim.”³

As Applicants have previously pointed out, May fails to disclose several of the limitations recited in the present claims. For example, with respect to claim 1, this claim recites a matching server that is operable to “automatically modify one or more values in the offer such that the distances between the modified offer and the profiles of the first and second parties are acceptably small....” In response, the Office Action points out that “if the RFP is not acceptable—distance not acceptably small, then a response to the bid changing parameters—counteroffer—may be submitted.”⁴ However, assuming *arguendo* that May discloses that such a response to a bid may be submitted, the possibility of submitting such a response would not be the same as implementing an automatic modification of values in an offer so that distances are acceptably small.

Thus, Applicants respectfully maintain the position that the present claims are patentably distinguishable over May for reasons cited in this and the previous responses to Office Actions. Therefore, claims 1, 16, 17, 18, 33, 49, 50, 66, 67, 68, 69, 70, as well as their dependent claims, are considered patentably distinguishable over May for at least the reasons discussed above and previously in connection with claim 1.

Accordingly, the Applicant maintains that claims 1-4, 8-21, 25-37, 41-54, and 58-70 are not anticipated by May. The Applicant further maintains that claims 1-4, 8-21, 25-37, 41-54, and 58-70 are in condition for allowance. Therefore, the Applicant respectfully requests that the rejection of claims 1-4, 8-21, 25-37, 41-54, and 58-70 be reconsidered and that claims 1-4, 8-21, 25-37, 41-54, and 58-70 be allowed.

² MPEP § 2131, citing *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987), emphasis added.

³ *Id.*, citing *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236, 9 USPQ2d 1913, 1920 (Fed. Cir. 1989), emphasis added.

⁴ Office Action, p. 4, ll. 6-7.

THE LEGAL STANDARD FOR ANTICIPATION REJECTIONS UNDER 35 U.S.C. § 102:

The following sets forth the legal standards for "anticipation."

The events that can lead to anticipation can be divided into the following seven categories, all defined by statute:

1. Prior Knowledge: The invention was publicly known in the United States before the patentee invented it.

2. Prior Use: The invention was publicly used in the United States either (i) before the patentee invented it; or (ii) more than one year before he filed his patent application.

3. Prior Publication: The invention was described in a printed publication anywhere in the world either (i) before the patentee invented it; or (ii) more than one year before he filed his patent application.

4. Prior Patent: The invention was patented in another patent anywhere in the world either (i) before the patentee invented it; or (ii) more than one year before he filed his application.

5. On Sale: The invention was on sale in the United States more than one year before the patentee filed his application.

6. Prior Invention: The invention was invented by another person in the United States before the patentee invented it, and that other person did not abandon, suppress or conceal the invention.

7. Prior U.S. Patent: The invention was described in a patent granted on a patent application filed in the United States before the patentee made the invention.

Each of those seven events has its own particular requirements, but they all have the following requirements in common:

1. Anticipation must be shown by clear and convincing evidence.
2. If one prior art reference completely embodies the same process or product as any claim, the product or process of that claim is anticipated by the prior art, and that claim is invalid. To decide whether anticipation exists, one must consider each of the elements recited in the claim and determine whether all of them are found in the particular item alleged to be anticipating prior art.
3. There is no anticipation unless every one of those elements is found in a *single* prior publication, prior public use, prior invention, prior patent, prior knowledge or prior sale. One may not combine two or more items of prior art to make out an anticipation. One should, however, take into consideration, not only what is expressly disclosed or embodied in the particular item of prior art, but also what inherently occurred in its practice.
4. There cannot be an accidental or unrecognized anticipation. A prior duplication of the claimed invention that was accidental, or unrecognized, unappreciated, and incidental to some other purpose is not an invalidating anticipation.

Those four requirements must be kept in mind and applied to each kind of anticipation in issue. The following additional requirements apply to some categories of anticipation.

1. Prior Knowledge: An invention is anticipated if it was known by others in the United States before it was invented by the patentee. "Known," in this context, means known to the public. Private knowledge, secret knowledge or knowledge confined to a small, limited group is not necessarily an invalidating anticipation. Things that were known to the public only outside the United States are not invalidating anticipation.

2. Prior Use: An invention is anticipated if it was used by others before it was invented by the patentee, or more than one year before the patentee filed his patent application. "Use," in this context, means a public use.

3. Prior Publication: A patent is invalid if the invention defined by the claims was described in a printed publication before it was invented by the patentee or more than one year prior to the filing date of his application. For a publication to constitute an anticipation of an invention, it must be capable, when taken in conjunction with the knowledge of people of ordinary skill in the art, of placing the invention in the possession of the reader. The disclosure must be enabling and meaningful. In determining whether the disclosure is complete, enabling, and meaningful, one should take into account what would have been within the knowledge of a person of ordinary skill in the art at the time, and one may consider other publications that shed light on the knowledge such a person would have had.

4. Prior Patent: If the invention defined by the claims was patented in the United States or a foreign country, either before it was invented by the inventor or more than one year before the inventor filed his patent application, then the invention was anticipated. The effective date for this type of anticipation is the date on which two things co-existed: (i) the owner of the referenced patent had the right to enforce that patent; and (ii) the reference patent was available to the public. What was "patented" in the reference patent is determined by what is defined by its claims, interpreted in the light of the general description.

5. On Sale: A patent is invalid if the invention claimed in it was on sale in the United States more than one year prior to the application filing date.

6. Prior Invention: If the invention defined by the claims was invented by another person, in the United States, before it was invented by the inventor, and that other person did not abandon, suppress, or conceal the invention, the invention lacks novelty. A prior invention, even if put in physical form and shown to produce the desired result, is not an invalidating anticipation unless some steps were taken to make it public. However, it is not necessary that the inventor had knowledge of that prior invention.

7. Prior U.S. Application: A patent is invalid for lack of novelty if the invention defined by the claims was described in a United States patent issued on a patent application filed by another person before the invention was made by the inventor. The

effective date of a prior application for purposes of this issue is the date on which it was filed in the United States. Foreign-filed patent applications do not apply. If the issued United States patent claims the benefit of more than one United States application, its effective date as an anticipation is the filing date of the first United States application that discloses the invention claimed in that referenced patent.

Experimental Use Exception: The law recognizes that it is beneficial to permit the inventor the time and opportunity to develop his invention. As such there is an "experimental use" exception to the "public use" and "on sale" rules. Even though the invention was publicly used or on sale, more than one year prior to the application filing date, that does not invalidate the patent, provided the principal purpose was experimentation rather than commercial benefit. If the primary purpose was experimental, it does not matter that the public used the invention or that the inventor incidentally derived profit from it.

When a public use or sale is shown, the burden is on the inventor to come forward with evidence to support the experimental use exception. Only experimentation by or under the control of the inventor qualifies for this exception. Experimentation by a third party, for its own purposes, does not qualify for this exception. Once the invention leaves the inventor's control, its use is a public one, even if further experimentation takes place.

The experimentation must relate to the claimed features of the invention. And it must be for the purpose of technological improvement, not commercial exploitation. If any commercial exploitation does occur, it must be merely incidental to the primary purpose of experimentation. A test done primarily for marketing, and only incidentally for technological improvement, is a public use.

REJECTION UNDER 35 U.S.C. § 103(a):

Claims 5-7, 22-24, 38-40, and 55-57 stand rejected under 35 U.S.C. § 103(a) over May in view of Li.

Claims 5-7 depend from independent claim 1, claims 22-24 depend from independent claim 18, claims 38-40 depend from independent claim 33, and claims 55-57 depend from independent claim 50. Since each of claims 1, 18, 33, and 50 is considered to be in condition for allowance as discussed above, claims 5-7, 22-24, 38-40, and 55-57 are considered to be in condition for allowance by virtue of the fact that they depend from an allowable claim. In addition, claims 5-7, 22-24, 38-40, and 55-57 set forth additional subject matter that is considered to be patentably distinguishable over the prior art as discussed below.

For example, as previously pointed out, May and Li fail to disclose or suggest the specific way in which distance is calculated according to claim 5, where "distance" is a distance between values in an offer from a first party and values in a profile of a second party. The Office Action concedes that May is silent in this regard. With respect to Li, the Office Action indicates that Li discloses formulas to calculate constraints, which the Examiner interprets as being used to calculate a distance between values in an offer and in a profile. However, it is respectfully submitted that it is unclear how the Examiner arrived at this interpretation. In addition, it is respectfully pointed out that the standards set forth by the MPEP require that all of the limitations of the claim must be taught or suggested by the prior art in order to establish a *prima facie* case of obviousness:

To establish *prima facie* obviousness of a claimed invention, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). "All words in a claim must be considered in judging the patentability of that claim against the prior art." *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970).⁵

Thus, the mere fact that Li teaches the general use of formulas is insufficient for establishing a *prima facie* case of obviousness since Li (and May) fails to teach or suggest all of the limitations of claim 5.

The Office Action further states that "[t]he formulas taught by Li are not limited, and the system may be used to input any formula used to calculate constraints/distance." In response, it is first requested that the Examiner clarify what is meant by the statement that

⁵ MPEP § 2143.03.

the formulas of Li are not limited. Second, it is respectfully pointed out that a general assertion that the Li system can be used with any formula is insufficient for establishing a *prima facie* case of obviousness with respect to claim 5. As pointed out above, in order for the reference or combination of references to render claim 5 obvious, the reference(s) must teach or suggest all of the limitations of claim 5.

does not allege that Li discloses this limitation. Instead, the Office Action Not only does Li fail to disclose the expression claimed in claim 5, but the expressions in Li, including those that are cited in the Office Action, are not even related to calculating a distance between values in an offer from a first party and values in a profile of a second party. Thus, not only does Li fail to disclose the limitations of claim 5, but Li fails to even suggest the limitations of claim 5. In short, the test for obviousness hinges on whether one skilled in the art would have arrived at the invention based on the combined teachings of the cited references. Since, in the present case, both references fail to teach or suggest the distance calculation recited in claim 5, there is simply not sufficient evidence to establish a *prima facie* case of obviousness.

Finally, Applicants maintain that the Office Action fails to provide proper motivation for combining the teachings of Li with those of May. The present Office Action merely states that both Li and May disclose and suggest auction management systems and May is silent as to formulas that may be used. Thus, the Office Action seems to imply that the motivation stems from an assumption that the formulas in Li can be used in the system of May. However, even assuming *arguendo* that May and Li do disclose such systems, this line of reasoning is insufficient for establishing motivation. The MPEP clearly states that, even if references can be combined, there must still be a showing that the prior art suggests the desirability of the combination:

The mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination. *In re Mills*, 916 F.2d 680, 16 USPQ2d 1430 (Fed. Cir. 1990).⁶

⁶ *Id.* at § 2143.01, emphasis in original.

In the instant case, the Office Action fails to establish motivation since the Office Action fails to provide any showing that the prior art suggests the desirability of the proposed combination.

Thus, Applicant respectfully submits that the Office Action has failed to properly establish a *prima facie* case of obviousness. A recent Federal Circuit case makes it crystal clear that, in an obviousness situation, the prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art. In *re Lee*, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. *Id.* at 1434-35.

Since claims 6 and 7 depend from claim 5, the discussion above in connection with claim 5 applies equally to claims 6 and 7.

With respect to claims 22-24, 38-40, and 55-57, each of these claims includes limitations similar to those discussed above in connection with claim 5. Therefore, claims 22-24, 38-40, and 55-57 are considered patentably distinguishable over the proposed combination of May and Li for at least the reasons discussed above in connection with claim 5.

For the reasons set forth herein, the Applicant submits that claims 5-7, 22-24, 38-40, and 55-57 are not rendered obvious by the proposed combination of May and Li. The Applicant further submits that claims 5-7, 22-24, 38-40, and 55-57 are in condition for allowance. Therefore, the Applicant respectfully requests that the rejection of claims 5-7, 22-24, 38-40, and 55-57 be reconsidered and that claims 5-7, 22-24, 38-40, and 55-57 be allowed.

The Legal Standard for Obviousness Rejections Under 35 U.S.C. § 103:

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable

expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991); M.P.E.P. § 2142. Moreover, all the claim limitations must be taught or suggested by the prior art. *In re Royka*, 490 F.2d 981, 180 U.S.P.Q. 580 (CCPA 1974). If an independent claim is nonobvious under 35 U.S.C. § 103, then any claim depending therefrom is nonobvious. *In re Fine*, 837 F.2d 1071, 5 U.S.P.Q.2d 1596 (Fed. Cir. 1988); M.P.E.P. § 2143.03.

With respect to alleged obviousness, there must be something in the prior art as a whole to suggest the desirability, and thus the obviousness, of making the combination. *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561 (Fed. Cir. 1986). In fact, the absence of a suggestion to combine is dispositive in an obviousness determination. *Gambro Lundia AB v. Baxter Healthcare Corp.*, 110 F.3d 1573 (Fed. Cir. 1997). The mere fact that the prior art can be combined or modified does not make the resultant combination obvious unless the prior art also suggests the desirability of the combination. *In re Mills*, 916 F.2d 680, 16 U.S.P.Q.2d 1430 (Fed. Cir. 1990); M.P.E.P. § 2143.01. The consistent criterion for determining obviousness is whether the prior art would have suggested to one of ordinary skill in the art that the process should be carried out and would have a reasonable likelihood of success, viewed in the light of the prior art. Both the suggestion and the expectation of success must be founded in the prior art, not in the Applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 U.S.P.Q.2d 1438 (Fed. Cir. 1991); *In re O'Farrell*, 853 F.2d 894 (Fed. Cir. 1988); M.P.E.P. § 2142.

A recent Federal Circuit case makes it clear that, in an obviousness situation, the prior art must disclose each and every element of the claimed invention, and that any motivation to combine or modify the prior art must be based upon a suggestion in the prior art. *In re Lee*, 61 U.S.P.Q.2d 1430 (Fed. Cir. 2002). Conclusory statements regarding common knowledge and common sense are insufficient to support a finding of obviousness. *Id.* at 1434-35.

CONCLUSION:

In view of the foregoing remarks, this application is considered to be in condition for allowance, and early reconsideration and a Notice of Allowance are earnestly solicited.

No fees are believed to be incurred by the filing of this Amendment. However, if a fee should be required, the Director is hereby authorized to charge any such fee to Deposit Account No. **500777**. If an extension of time is required and there is no separate Petition for Extension of Time filed herewith, this document is to be construed as also constituting a Petition for Extension of Time Under 37 C.F.R. § 1.136(a) for a period of time sufficient to enable this document to be timely filed. Any fee required for such Petition for Extension of Time should be charged to Deposit Account No. **500777**.

Please link this application to Customer No. 53184 so that its status may be checked via the PAIR System.

Respectfully submitted,

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